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THE RESEARCH REVIEW

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THE HOUSE RESEARCH DIVISION

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agriculture

Jeremy Maxwell

There were no bills on Tuesday's calendar, but the Agriculture Committee did hear an overview of Food Safety presentation by the Department of Agriculture. The committee heard presentations by Jimmy Hopper, Director of Regulatory Services, John Sanford, Food Manufacturing Administrator and Michael Studer, State Apiarist (bee expert).

children & family affairs

Amelia Mitchell

The **Children & Family Affairs Committee** did not meet this week.

The **Domestic Relations Subcommittee** and the **Family Justice Subcommittee** did not meet this week.

commerce

Todd A. Staley, Esq.

The **Commerce Committee** had no bills on notice, but did meet. The committee heard from Commissioner Greg Gonzales from the Department of Financial Institutions.

Commissioner Gonzales reported that the state's banking system, consisting of regional and community banks, is sound. Tennessee banks are well funded with capital that far exceeds the national averages. While there is a little trickle-down effect, the state banks are not strongly distressed by the problems of the national, mega-banks. He also commented that state credit unions are sound.

Commissioner Gonzales provided the committee with information on the Troubled Assets Relief Program (TARP). TARP is a federal program that allows the Treasury to purchase assets and equity from financial institutions in order to strengthen its financial sector. It was the main component of the Emergency Economic Stabilization Act of 2008. Even though it is a federal program, the Department of Financial Institutions is able to make comments on the applications.

The Commissioner said it is too early to know the impact of this program since only a few banks have received

funds and the deadline for the final round of applications was just last week.

Questions were posed to the Commissioner about foreclosures. The Department does not track foreclosures, but Commissioner Gonzales referred to the Federal Reserve. In Tennessee, there were 27,000 foreclosures in 2007 and 30,000 in 2008. While the rate of foreclosures is increasing, it is not as severe as what other states are experiencing.

Utilities and Banking Subcommittee

The **Utilities and Banking Subcommittee** did meet for organizational purposes.

Small Business Subcommittee

The **Small Business Subcommittee** did meet for organizational purposes.

Industrial Impact Subcommittee

The **Industrial Impact Subcommittee** did meet for organizational purposes.

conservation & environment

Jeremy Maxwell

There were no bills on Tuesday's calendars, but the Conservation and Environment Committee heard from various groups concerning the TVA ash spill in Kingston, TN. The committee heard presentations by Mike Butler, Tennessee Conservation League, Mary Mastin and Donnie Safer, Tennessee Environmental Council and Matt Landon, United Mountain Defense. There were a couple of citizens, Dianna Anderson and Penny Dodson, from the community that spoke to the committee. These groups voiced their concerns on the short and long-term effects the ash spill will have on the air, water and the land quality.

The **Environment Subcommittee, Parks Subcommittee** and the **Wildlife Subcommittee** did not meet this week.

Special Joint Conservation and Environment TVA Meeting

The joint committee met Wednesday to hear presentations from TVA, the Department of Environment and Conservation and Tennessee Wildlife Resource Agency regarding the TVA ash spill. The estimate of the clean up is \$525 to \$825 million dollars. It is estimated that the dredging of the river channel will be 8 to 10 months. TVA and the department are committed to cleaning up the air, water and land affected by the ash spill.

The committee also heard from the Oak Ridge National Laboratory regarding the uses for fly ash, which are cement and building supplies.

consumer & employee affairs

Lucy Wilson



Chairman Matheny

The committee met to hear speakers report on the financial condition of Tennessee's Unemployment Insurance Trust Fund.

The unemployment insurance system is a partnership between the federal and state governments, funded by a payroll tax. Each state has its own formula for determining the amount of tax levied,

and deposits the collected revenues into their own account in the federal Unemployment Trust Fund. The US Department of Labor recommends maintaining a sufficient balance to cover a year's worth of benefits during a typical recession.

Trust Funds across the United States have been overwhelmed by an increase in the number of claims and a decrease in payroll tax revenue. Tennessee is no different.

Dr. William F. Fox, Center for Business and Economic Research at UT, said Tennessee will pay \$800 to \$850 million dollars this year in unemployment benefits and will take in about \$550 million in payroll tax revenue. Without any changes the state will be out of money by mid 2010.

Commissioner James Neeley, Department of Labor and Workforce Development, echoed Dr. Fox's assessment.



Dr. Fox



Comm. Neeley

Jackson with the Tennessee Chamber of Commerce and Industry, and Bob Pitts with Associated Builders and Contractors also testified before the committee. All expressed the willingness of Tennessee businesses to

Both talked about some of the available options to meet this challenge, such as raising the payroll tax premiums and broadening the tax base from which payroll taxes are collected. Another option was to crack down on fraud and abuse.

Jim Brown, state director of the National Federation of Independent business, Bradley

work together to keep the fund solvent, to put measures in place to see Tennessee through this recession and build a sufficient balance for any future recession.

In the end, Mr. Pitts reminded members that in the process of crafting workable solutions, “We need to stay competitive in recruiting businesses to Tennessee.”

The subcommittees of Consumer & Employee Affairs did not meet.

education

staff



Chairman Brooks

as part of the federal stimulus package.

The **K-12** and **Higher Education** Subcommittees did not meet this week.

The **House Education Committee** held its organizational meeting on Wednesday. Chairman Brooks introduced committee officers and new staff members. The agenda included a presentation by Finance and Administration Commissioner Dave Goetz, which prompted questions about potential funds coming to Tennessee

finance, ways & means

Julie Travis & Patrick Boggs

The Finance, Ways & Means Committee did not meet this week, as there were no bills on its calendar.

Budget Subcommittee

The Budget Subcommittee met with four bills on its calendar and addendum.

Passed to the full committee:



Rep. Matlock

HB 74 (Matlock) – This bill changes how the state requires surety bonds to be issued when public funds are deposited, invested, or issued by an insurance company. It allows further flexibility by allowing more potential insurers the ability to issue surety bonds. With an amendment by the Budget Subcommittee, the bill still requires continuous oversight

by the State Treasurer of the insurer's financial standing.

HB 421 (Fitzhugh) – This bill allows the issuance of bonds for the Economic and Community Development projects: Volkswagen in Hamilton Co. and Hemlock Semiconductor in Montgomery Co. It allows the issuance and sale of interest-bearing bonds and bond anticipation notes up to \$262 million: \$170 million is designated for the VW project, and \$92 million is designated for the Hemlock project. This is to provide for acquisition of equipment and the acquisition, site preparation, erection, construction, and equipment of sites and buildings, and infrastructure improvements and development.

HB 420 (Fitzhugh) – In tandem with HB 421, this bill pays for the first year's debt service (the 1st year's obligation of principal and interest) on the proposed bonds to be authorized for these two projects; these monies have to be set aside for payment prior to the

bonds being issued, and for the retirement of those bonds. This also pays for project marketing and development already under agreement, and for industrial development capital outlay, i.e., the cash costs for those things that can't be bonded. The bill also gives Economic & Community Development monies for ongoing costs associated with the General Motors project in Spring Hill.

HB 418 (Fitzhugh) – This bill provides flexibility for the sale of general obligation bonds by extending the funding board's authority to sell bonds at private sale until June 30, 2011 (such authority had expired June 30, 2005). By doing this, and in recognition of present economic conditions nationwide, it gives the state the greatest flexibility with respect to issuing general obligation (G.O. bond) debt.

government operations

Amber Rice

The **Government Operations Committee** met this week to hear a presentation by Phil DeBusk, Legislative Liaison for the Division of State Audit. Mr. DeBusk explained the Sunset Statute in detail and discussed the role that the Comptroller's Office plays in the function of the Government Operations Committee. Fred Standbrook, Legislative Attorney for the Government Operations Committee, also gave a short presentation on the statutory responsibilities of the committee and rule making.

health & human resources

Judy Narramore

Chairman Joe Armstrong welcomed everyone to the **House Health & Human Resources (HHR) Committee** *organizational meeting* of the 106th General Assembly on Tuesday, February 17, 2009, at 10:30 AM. First on the agenda, Chairman Armstrong recognized Speaker Kent Williams, a former HHR Committee member, for remarks.

Chairman Armstrong noted that with 26 members, this Assembly's HHR Committee is the largest in his tenure with the House of Representatives, clearly demonstrating a level of interest and concern by members for the health needs of Tennesseans. After opening remarks, Chairman Armstrong recognized each Committee member for introduction. Committee staff was also introduced by Chairman Armstrong.

One piece of legislation and two presentations were before the Committee. **HR 0005 (Jones S)** that affirms the commitment of the House of Representatives to educate and inform of the dangers of eating disorders and further, resolves that any proposed legislation addressing issues relating to the prevention of obesity and overweight children and adults also include language regarding prevention of eating disorders was referred to C&R. The first presenters were introduced by Rep. Mike Harrison. Dr. Ray Stowers and Dr. Craig Lenz with Lincoln Memorial University (LMU) in Harrogate, Tennessee, gave a power point presentation on LMU, particularly the LMU - DeBusk College of Osteopathic

Medicine. The next presenter, Dr. Kevin Eidson, Director of the Tennessee Board of Pharmacy, gave a power point presentation to update Committee members on the Board of Pharmacy Controlled Substance Monitoring Database. Dr. Eidson noted the Database has been up and running since 2006 and is functioning as mandated; however, there is a significant need for greater numbers of providers and pharmacies to report to the Database.

The first meeting of the Professional Occupations Subcommittee scheduled for February 17, 2009, was cancelled. The remaining two subcommittees of HHR, Public Health and Health Care Facilities, did not have bills on notice and were not scheduled to meet this week.

The **House Judiciary Committee** held its first meeting of the year on Wednesday, February 18th.



Chairman Coleman

Following introductions of members and staff, Chairman Coleman welcomed Professor Donald Paine, who has served as reporter for the Advisory Commission on the Rules of Practice and Procedure since 1983. Attorney Payne gave an update on changes to the Rules, and answered questions from committee members on specific

amendments. Attorney Buck Lewis of Memphis completed the presentation with an update on proposed E-Discovery amendments. This area has grown significantly in recent years due to the explosion of electronically stored information. These updates are

vital to the Judiciary Committee since one of its duties each year is to review and approve a resolution by the court regarding the rules of practice and evidence.

The final item on the agenda for Wednesday was a presentation by Jim White, Executive Director of the Fiscal Review Committee, who discussed the way incarceration costs and fine revenue are calculated for fiscal notes. Fiscal Review's report to the General Assembly on how these are calculated was approved in mid-December of last year.

Both the **Civil Practice** and **Criminal Practice Subcommittees** held introductory meetings this week. The Criminal Subcommittee also heard a presentation by Polk County High School students on Project "IN-THING," a project designed to bring attention to the problem of drinking and driving. The students began the effort as part of a State Farm and National Youth Leadership Council competition. They have made it to the top ten finalists, and will go on to compete at the NYLC Conference this March.

state & local government

Lawrence Hall, Jr.

This week in **State and Local Government full committee**, the committee heard a presentation by Dr. Reuben Kyle regarding the federal stimulus package. Dr. Kyle outlined the following areas where the stimulus funds will be allocated (note—these are *national* figures):

\$300 billion	tax cuts or incentives
\$43.7 billion	families and the unemployed
\$25 billion	health insurance assistance
\$17.5 billion	health information technology
\$1.6 billion	trade adjustment assistance
\$120 billion	infrastructure improvements
\$124 billion	transportation
\$6 billion	public housing
\$13 billion	environmental clean-up
\$6.8 billion	science

\$87 billion	Medicaid relief
\$53.6 billion	state fiscal stabilization fund
\$45 billion	education and training
\$43.7 billion	families (hardest hit by
.....	economic crisis)
<i>(Nutrition assistance program, Food stamp</i>	
<i>benefits, Child Care and Head Start)</i>	
\$4 billion	state and local law enforcement

State Government Subcommittee

This week in State Government subcommittee, the following bill was passed to full committee:

HB 419 by Turner, M.- This bill, as amended, will allow state departments to take the following actions in the event of a reduction in work force:

- Preserve the current layoff procedures relative to **bumping** and **retreating**.
- Allow lateral transfers.
- Give the Commissioner of Children Services flexibility to protect employees outside of the Brian A. Consent Decree.
- Close state offices for partial or full days if the need for a furlough arises.



Rep. Turner

This amendment also requires that all policies and procedures resulting from this amendment be posted online for examination by all employees.

transportation

Jeremy L. Elrod

The **House Transportation Committee** convened February 17, 2009 to have an introductory meeting and to consider one bill.

HJR59 (Harmon) was approved by the committee and referred to the **Calendar and Rules Committee**. The resolution continues until May 15, 2009 the Special Joint Transportation Funding Option Study Committee that was created by the 105th General Assembly. The resolution was amended to require the study committee to meet on days when the House and Senate are otherwise meeting in session or committee.

Public Safety Subcommittee

The **Public Safety & Rural Roads Subcommittee** met briefly after the full Transportation Committee on February 17, 2009 to have an introductory meeting.

Rural Roads Subcommittee

The **Rural Roads Subcommittee** did not meet this week.

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{ about photos }

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